

# Maitland

**MI Bespoke Funds ICVC**

**Annual Report 31 March 2021**

# MI Bespoke Funds ICVC

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

## Directory

### Authorised Corporate Director (ACD) & Registrar

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

### Customer Service Centre

Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  
Telephone: 0345 026 4281  
Fax: 0845 280 2234  
E-mail: [bespokefunds@maitlandgroup.com](mailto:bespokefunds@maitlandgroup.com)

### Directors of the Authorised Corporate Director

C. Deptford (appointed 15 October 2020)  
P.J. Foley-Brickley  
C. O'Keeffe  
D. Phillips (Non-Executive Director)  
J. Thompson (Non-Executive Director)

### Investment Manager

Lowes Investment Management Ltd  
Fernwood House, Clayton Road, Jesmond, Newcastle Upon Tyne NE2 1TL  
(Authorised and regulated by the Financial Conduct Authority)

### Fund Managers

Paul Milburn  
Doug Millward

### Depositary

BNP Paribas Securities Services  
10 Harewood Avenue, London NW1 6AA  
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation 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 period.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company's and its Sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or terminate its Sub-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 statements comply with the Sourcebook. The ACD is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the ACD is aware:

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

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

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



**C. O'Keeffe**

**P.J. Foley-Brickley**

Directors

Maitland Institutional Services Limited

2 July 2021

## Statement of the Depositary's Responsibilities

The Depositary has a duty to ensure that the Company is managed in accordance with the COLL 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 is responsible for:

1. general oversight including overseeing the sale, issue, repurchase, redemption, cancellation and pricing of shares and the application of income of the Company;
2. the safekeeping of all property of the Company by holding in custody all custodial assets of the Company and maintaining appropriate record keeping and verifying ownership of other assets of the Company;
3. monitoring the cash flows of the Company, ensuring that all payments due to the Company have been received and all cash of the Company is held in accordance with the Regulations.

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

## Report of the Depositary for the Year Ended 31 March 2021

Having carried out such procedures as we considered necessary to discharge our responsibilities and duties as Depositary of the Company, it is our opinion, based upon the information available to us and the explanations provided during the period under review that, in all material respects the Company, acting through its Authorised Corporate Director, has carried out:

- (i) 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 Scheme Documents, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**BNP Paribas Securities Services**

18 May 2021

## Independent Auditor's Report to the Shareholders of MI Bespoke Funds ICVC ('the Company')

### Opinion

We have audited the financial statements of MI Bespoke Funds ICVC (the 'Company') for the year ended 31 March 2021. These financial statements comprise the financial statements of the following Sub-fund of the Company:

- MI Diversified Strategy Fund (the 'Sub-fund')

The financial statements of the Sub-fund comprise the statement of total return, statement of change in net assets attributable to Shareholders, the balance sheet, notes to the financial statements and the distribution tables.

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

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company and the Sub-fund as at 31 March 2021 and of the net revenue and net capital gains/(losses) on the scheme property of the Company and the Sub-fund for the year then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014, the Collective Investment Schemes sourcebook, and the Company's Instrument of Incorporation.

### Basis for opinion

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

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Authorised Corporate Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and 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 the Sub-fund to cease or 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 the Sub-fund's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Authorised Corporate Director and the related disclosures and analysed how those risks might affect the Company's and 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 the Sub-fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

## Independent Auditor's Report to the Shareholders of MI Bespoke Funds ICVC ('the Company')

continued

### Other information

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

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

We have nothing to report in this regard.

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

In our opinion:

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

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

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

- proper accounting records for the Company or the Sub-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 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 the 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.

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

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

## Independent Auditor's Report to the Shareholders of MI Bespoke Funds ICVC ('the Company')

continued

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 industry in which it operates. We determined that the following laws and regulations were most significant: Collective Investment Schemes Sourcebook, Investment Association Statement of Recommended Practice and UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. We enquired of 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 or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the breaches register. We did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- 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
  - 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
- 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
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included checking completeness of journal entries and identifying and testing journal entries, in particular manual journal entries processed at the year-end for financial statements preparation. We also reviewed the financial statements disclosures and the corresponding supporting documentation.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from 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.

### 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  
2 July 2021





## Investment Objective and Policy

The investment objective of the MI Diversified Strategy Fund is to achieve long term capital growth. The Sub-fund intends to meet its objectives through exposure to a combination of equities, fixed interest and structured products. The majority of the Sub-fund's exposure will be to equities. It may also have exposure to property. With the exception of structured products, this exposure will be through investment in OEICs, unit trusts, investment trusts, Exchange Traded Funds and other collective investment schemes across several management groups. It may also invest in equities from the world's major markets, bonds and other transferable securities. The Sub-fund has no specific limits on exposures to any asset class, geographic area, industry or economic sectors.

The Sub-fund may hold derivatives for efficient portfolio management purposes only. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Sub-fund.

## Investment Manager's Report

for the year ended 31 March 2021

### Performance Review

For the period since the interim accounts (30th September 2020 to 31st March 2021) the total return of the C Income Share Class was 9.62%, compared to 11.10% for the IA Flexible Investment sector average. The total return of the B Share Class over the six months was 9.50%.

Over the full accounting period (31st March 2020 to 31st March 2021), the total return of the C Income Share Class was 26.29%, compared to 29.10% for the IA Flexible Investment sector average. The total return of the B share class over the same period was 26.02%.

The Sub-fund is ranked 104th out of 161 funds available over the six months, 99th out of 155 over the accounting year and 68th out of 112 since launch, placing it in the third quartile of its sector over all three periods.

*Source: FE Analytics. Total return. Bid to bid.*

### Market Review

The six-month period since the interim accounts were published started poorly, with the main stock market indices all falling in October as a resurgence of Covid-19 cases raised concerns over a second widespread lock down, which did ultimately ensue. Nervousness also entered the markets as the US presidential election approached, with many unsure as to what the best outcome for the markets would be.

This turned towards the end of the month, with investors buoyed by positive news emerging about the efficacy of several Covid-19 vaccines as the early clinical trials concluded. This led to people focussing more on the future with a much stronger possibility of life returning to some sort of normality as vaccines were rolled out, with economies hopefully following suit. The strongest performing markets were those considered to be more cyclical in nature, including Europe, the UK and Japan.

The positivity in the UK markets was reinforced at the turn of the year as Brexit negotiations finally ended with a fairly positive conclusion, allowing businesses to make more concrete plans now a bit of clarity had been provided. This was particularly beneficial to small and mid-cap stocks in the UK which are more focussed on the domestic economy. Emerging markets also performed well at the end of the year, on the back of weakness in the US dollar and expectations that their economic growth would be greater than that of the developed world into 2021.

2021 started in a peculiar fashion in the investment markets. After an initially positive start, many equity markets moved into negative territory during the first two months as a social media campaign saw a surge in retail investors buying stocks being shorted by a number of hedge funds. Whilst positive for the stocks involved as the hedge funds became forced buyers to close out their loss-making positions, they also had to sell off other stocks indiscriminately to fund these purchases.

Following this idiosyncratic episode markets returned to a more normal situation as the period ended, with equity markets rising once again as the prospect of economies re-opening increased with vaccination rollout programs gathering pace. Again, the better performers were those markets with a greater exposure to cyclicity.

## Investment Manager's Report

continued

### Portfolio Activity

The portfolio continues to provide a broad range of asset classes and geographical allocations.

January 2021 saw Pictet close their Akari fund. This fund was held within our Alternatives allocation, giving a long/short investment approach in Japanese equities, to hopefully provide protection during downturns in this market whilst still being able to capture some of the upside in positive times. Although the fund had provided the downside protection it had provided limited upside, and with a more positive outlook for equities we decided to re-allocate the proceeds across the other Japanese equity funds already within the Sub-fund.

In March the decision was taken to remove the global equity funds from the portfolio, gaining global exposure instead through the existing regional allocations within the Sub-fund. This saw the disposal of the Goldman Sachs Global Core Equity Portfolio, the JOHCM Global Opportunities and the Invesco Global Targeted Returns funds, with the capital re-allocated across some of the existing holdings in such a way as to keep the geographical allocations as before.

A new position was also taken in the Allianz Fixed Income Macro fund during March, adding some Fixed Interest exposure via the Alternatives allocation.

The Sub-fund saw strong positive inflows during the period, and with an improving outlook over the months this capital was used to increase the Sub-fund's equity exposure, moving from an underweight position in September, compared to the neutral allocation, to a slight positive position at the end of March.

### Outlook

A combination of a positive end to the Brexit negotiations, a very successful vaccine rollout program, and a move to more cyclical areas by investors, all have proved positive for the investors in the UK and are expected to continue in the coming months. As we work through the government's road map for easing Covid restrictions businesses are starting to open up once again and the focus is starting to move on to the government's plan for investing to get the economy moving post Brexit.

After a very turbulent end to President Trump's term in office, the subdued and publicity shy start to President Biden appears to be calming things in the US. An early focus on the vaccine program is proving successful and with that also hopes of the economy beginning to recover also. In the meantime President Biden is pushing to get his infrastructure spending plans through Congress which could provide a big boost in the US longer term.

Things are not as rosy in Europe, however, where they are lagging in terms of an easing of lock downs compared to the UK, as they struggle to get their vaccine program up and running. As they start to get their vaccine purchasing ramped up, however, things should improve here too, albeit at a later time to the UK and US.

The one big uncertainty for investors now is the problem of inflation. With economies around the world shutting down in 2020, inflation was bound to rise in 2021 as costs were compared to the very low levels of twelve months ago. If this is transitory and eases as we work through the year then it should not be too much of a problem other than causing short term noise in the markets. It will become more of an issue if we also see wage inflation coming into the system, giving people more money to spend which could then lead to the economy starting to run hot.

While a certain amount of inflation is good for equity markets, especially more cyclically exposed markets like the UK, if it is allowed to rise too high it has a detrimental effect on economies and consequently investors. The usual way to prevent this is for central banks to raise interest rates, but with many governments around the world having borrowed heavily to see their countries through the pandemic, and others like the US planning further borrowing to finance their big spending plans, then raising interest rates will lead to an increase in the cost of maintaining this debt.

So whilst we are optimistic looking forward and have increased our equity exposure as a result, it is a cautious optimism, so we still maintain some of our defensive positioning whilst we wait for the after-effects of the pandemic to play out around the globe.

Lowes Investment Management  
April 2021

# MI Diversified Strategy Fund

## Portfolio Statement

as at 31 March 2021

Holding	Security	Market value £	% of total net assets 2021
<b>STRUCTURED PRODUCTS 8.86% (10.11%)</b>			
<b>Structured Products 8.86% (10.11%)</b>			
250,000	Canadian Imperial Bank 9.2% Convertible 16.03.26 <sup>+</sup>	271,513	0.61
218,718	Canadian Imperial Bank 9.4% Convertible 21.06.24 <sup>+</sup>	247,637	0.56
300,000	Citi Snowballing Auto-Call Notes 04.04.28 <sup>+</sup>	387,570	0.87
182,223	Citigroup 0% 16.08.24 <sup>+</sup>	220,490	0.50
500,000	Goldman Sachs 8 Year Autocallable Note FTSE 100 <sup>+</sup>	667,505	1.51
225,000	HSBC Bank 0% FTSE 100 13.04.27 <sup>+</sup>	244,508	0.55
500,000	Morgan Stanley 8 Year Autocallable Note FTSE 100 <sup>+</sup>	497,750	1.12
50,000	Morgan Stanley 0% 09.09.21 <sup>+</sup>	58,135	0.13
184,354	Morgan Stanley Preference 05.07.24 <sup>+</sup>	208,726	0.47
200,000	Santander 7 Year Equity Index Linked Note <sup>+</sup>	230,480	0.52
300,000	Société Générale 8.5 Year Athena in GBP 05.07.27 <sup>+</sup>	360,150	0.81
500,000	Société Générale UK3 8 Year ATM Autocall in GBP on UKX 21.09.26 <sup>+</sup>	534,750	1.21
		<b>3,929,214</b>	<b>8.86</b>
<b>FUNDS 86.52% (81.77%)</b>			
<b>Bond Funds 21.92% (20.28%)</b>			
848,972	Allianz Fixed Income Macro - W GBP Accumulation*	855,594	1.93
99,872	Gam Star Credit Opportunities - GBP Accumulation*	1,844,629	4.16
929,565	Janus Henderson Strategic Bond - I Income*	1,329,278	3.00
3,216,333	Legal & General Short Dated Sterling Corporate Bond I Accumulation*	1,923,046	4.34
9,608	MI TwentyFour Dynamic Bond - I Net Accumulation <sup>^</sup> *	1,784,677	4.03
14,607	Nomura Global Dynamic Bond Fund - I GBP*	1,978,225	4.46
		<b>9,715,449</b>	<b>21.92</b>
<b>Commodity Funds 4.26% (0.00%)</b>			
50,793	Merian Gold & Silver Fund - R Accumulation*	942,715	2.13
57,496	WisdomTree Physical Silver ETC	945,941	2.13
		<b>1,888,656</b>	<b>4.26</b>
<b>Emerging Markets 4.54% (4.54%)</b>			
126,689	Baillie Gifford Emerging Markets Growth - B Accumulation*	1,394,847	3.15
163,666	Lazard Emerging Markets - A Accumulation GBP*	617,022	1.39
		<b>2,011,869</b>	<b>4.54</b>
<b>Europe 10.08% (6.41%)</b>			
10,592	Carmignac Portfolio Long-Short European Equities GBP Accumulation*	1,526,425	3.44
799,160	ES R&M European - F Accumulation*	943,009	2.13
28,010	Janus Henderson European Smaller Companies - I Accumulation*	1,094,074	2.47
30,625	Jupiter European - I Accumulation*	901,982	2.04
		<b>4,465,490</b>	<b>10.08</b>
<b>Far East 5.70% (4.13%)</b>			
496,531	First State Asia Focus - B Accumulation*	1,178,318	2.66
450,176	Merian Asia Pacific - R Accumulation*	1,346,028	3.04
		<b>2,524,346</b>	<b>5.70</b>

# MI Diversified Strategy Fund

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2021
<b>Global 3.49% (14.28%)</b>			
961,937	AHFM Defined Returns - B Accumulation*	1,548,911	3.49
<b>Japan 8.17% (7.66%)</b>			
658,929	Baillie Gifford Japanese Income Growth- B Accumulation*	1,105,024	2.49
7,625	Baillie Gifford Japanese Smaller Companies - B Income*	419,622	0.95
855,769	First State Japan Focus - B Accumulation*	1,069,712	2.41
642,831	Man GLG Japan Core Alpha - A Accumulation*	1,027,244	2.32
		3,621,602	8.17
<b>United Kingdom 16.13% (13.78%)</b>			
857,776	Janus Henderson UK Absolute Return - I Accumulation*	1,513,117	3.41
251,538	Liontrust Special Situations - A Income*	1,165,326	2.63
1,103,542	Schroder Recovery - Z Accumulation*	1,302,180	2.94
221,997	SVM UK Growth - B Accumulation*	1,360,621	3.07
1,395,576	TM Crux UK Special Situations - I Accumulation*	1,806,713	4.08
		7,147,957	16.13
<b>United States of America 12.23% (10.69%)</b>			
1,117,952	Artemis US Absolute Return - I Accumulation*	1,267,869	2.86
203,829	Artemis US Smaller Companies - I Accumulation*	697,423	1.57
43,859	Dodge & Cox US Stock - GBP Accumulation*	1,771,036	4.00
417,933	Merian North American Equity - R Accumulation*	1,684,268	3.80
		5,420,596	12.23
<b>Investment assets</b>		<b>42,274,090</b>	<b>95.38</b>
<b>Net other assets</b>		<b>2,047,339</b>	<b>4.62</b>
<b>Net assets</b>		<b>44,321,429</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 31.03.20.

^Maitland Institutional Services Limited also acts as ACD for this fund.

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

+Structured Products, not listed on any exchange.

## Comparative Tables

### Change in net assets per share

	B Income		
	31.03.21 p	31.03.20 p	31.03.19 p
<b>Opening net asset value per share</b>	109.49	121.63	120.12
Return before operating charges <sup>^</sup>	28.68	-10.48	4.08
Operating charges	-1.63	-1.60	-2.57
Return after operating charges <sup>^</sup>	27.05	-12.08	1.51
Distributions	-0.59	-0.06	0.00
<b>Closing net asset value per share</b>	<b>135.95</b>	<b>109.49</b>	<b>121.63</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.01	-0.04
<b>Performance</b>			
Return after charges	24.70%	-9.93%	1.26%
<b>Other information</b>			
Closing net asset value	£642,043	£489,819	£662,151
Closing number of shares	472,262	447,346	544,389
Operating charges	1.28%	1.28%	2.10%
Ongoing operating charges*	1.25%	1.28%	1.97%
Direct transaction costs	0.00%	0.01%	0.03%
<b>Prices</b>			
Highest share price	138.30	131.61	127.84
Lowest share price	107.67	103.14	114.20

	C Income		
	31.03.21 p	31.03.20 p	31.03.19 p
<b>Opening net asset value per share</b>	110.89	123.09	121.38
Return before operating charges <sup>^</sup>	29.02	-9.94	4.13
Operating charges	-1.33	-1.31	-1.49
Return after operating charges <sup>^</sup>	27.69	-11.25	2.64
Distributions	-0.90	-0.95	-0.93
<b>Closing net asset value per share</b>	<b>137.68</b>	<b>110.89</b>	<b>123.09</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.01	-0.04
<b>Performance</b>			
Return after charges	24.97%	-9.14%	2.17%
<b>Other information</b>			
Closing net asset value	£3,942,340	£3,427,295	£3,973,106
Closing number of shares	2,863,362	3,090,743	3,227,724
Operating charges	1.03%	1.03%	1.20%
Ongoing operating charges*	1.00%	1.03%	1.07%
Direct transaction costs	0.00%	0.01%	0.03%
<b>Prices</b>			
Highest share price	140.32	134.11	129.65
Lowest share price	109.05	105.33	116.22

## Comparative Tables

continued

### Change in net assets per share (continued)

	C Accumulation		
	31.03.21 p	31.03.20 p	31.03.19 p
<b>Opening net asset value per share</b>	114.03	125.58	122.89
Return before operating charges <sup>^</sup>	29.87	-10.22	4.20
Operating charges	-1.36	-1.33	-1.51
Return after operating charges <sup>^</sup>	28.51	-11.55	2.69
Distributions	-0.94	-0.99	-0.94
Retained distributions on accumulation shares	0.94	0.99	0.94
<b>Closing net asset value per share</b>	<b>142.54</b>	<b>114.03</b>	<b>125.58</b>
<sup>^</sup> After direct transaction costs of	0.00	-0.01	-0.04
<b>Performance</b>			
Return after charges	25.00%	-9.20%	2.19%
<b>Other information</b>			
Closing net asset value	£39,737,046	£25,379,237	£21,655,188
Closing number of shares	27,878,316	22,257,169	17,244,709
Operating charges	1.03%	1.03%	1.20%
Ongoing operating charges*	1.00%	1.03%	1.07%
Direct transaction costs	0.00%	0.01%	0.03%
<b>Prices</b>			
Highest share price	144.33	136.73	131.27
Lowest share price	112.16	107.39	117.68

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

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

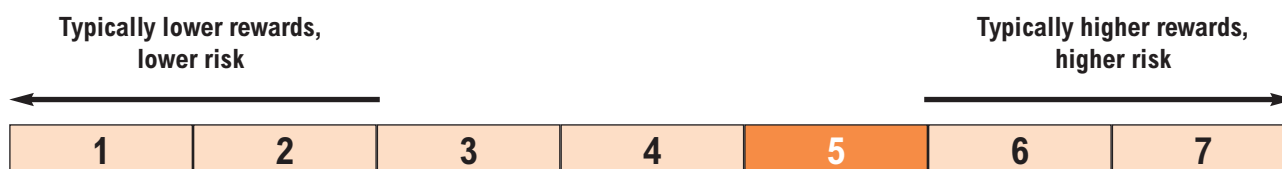
The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening net asset value per share. The basis of valuation of investments used to calculate net asset value per share is described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

The Sub-fund invests in Collective Investment Schemes; the expenses incurred by these schemes in relation to the Sub-fund (synthetic ongoing charge) are included in the operating charge.

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

## Risk and reward profile

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



The Sub-fund is ranked 5 because funds of this type have experienced average rises and falls in value in the past. During the period under review the category changed from 4 to 5, 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.

- Counterparty risk: The Sub-fund can conclude various transactions with contractual partners. If a contractual partner becomes insolvent, it can no longer or can only partly settle unpaid debts owed to the Sub-fund.
- Market risk: External factors can cause an entire asset class to decline in value which would result in a decrease in the value of investments.
- Currency risk: As the Sub-fund invests in overseas securities, movements in exchange rates, when not hedged, may cause the value of investments to increase or decrease.
- 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 Diversified Strategy Fund

### Statement of Total Return

for the year ended 31 March 2021

	Note	£	31.03.21 £	£	31.03.20 £
Income					
Net capital gains/(losses)	2		7,437,669		(3,375,948)
Revenue	3	381,142		335,611	
Expenses	4	(111,011)		(106,308)	
Interest payable and similar charges	4	–		–	
Net revenue before taxation		270,131		229,303	
Taxation	5	(22,793)		–	
Net revenue after taxation			247,338		229,303
<b>Total return before distributions</b>			<b>7,685,007</b>		<b>(3,146,645)</b>
Distributions	6		(247,325)		(247,325)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>7,437,682</b>		<b>(3,375,957)</b>

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

for the year ended 31 March 2021

	£	31.03.21 £	£	31.03.20 £
<b>Opening net assets attributable to Shareholders</b>		<b>29,296,350</b>		<b>26,290,445</b>
Amounts receivable on issue of shares	10,270,375		8,607,234	
Less: Amounts payable on cancellation of shares	(2,945,480)		(2,445,162)	
		7,324,895		6,162,072
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		7,437,682		(3,375,957)
Retained distributions on accumulation shares		262,502		219,790
<b>Closing net assets attributable to Shareholders</b>		<b>44,321,429</b>		<b>29,296,350</b>

The notes on pages 16 to 26 form an integral part of these Financial Statements.



## MI Diversified Strategy Fund

### Balance Sheet

as at 31 March 2021

	Note	£	31.03.21 £	£	31.03.20 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			42,274,090		26,916,834
<b>Current Assets</b>					
Debtors	7	207,199		876,823	
Cash and bank balances	9	2,418,260		2,841,150	
<b>Total current assets</b>			<b>2,625,459</b>		<b>3,717,973</b>
<b>Total assets</b>			<b>44,899,549</b>		<b>30,634,807</b>
<b>LIABILITIES</b>					
Investment liabilities			–		–
<b>Creditors</b>					
Distribution payable		(28,461)		(29,701)	
Other creditors	8	(549,659)		(1,308,756)	
<b>Total creditors</b>			<b>(578,120)</b>		<b>(1,338,457)</b>
<b>Total liabilities</b>			<b>(578,120)</b>		<b>(1,338,457)</b>
<b>Net assets attributable to Shareholders</b>			<b>44,321,429</b>		<b>29,296,350</b>

The notes on pages 16 to 26 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 31 March 2021

### 1. Accounting Policies

#### (a) Basis of accounting

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

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

The authorised status and head office of the Company can be found within the general information starting on page 28.

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.

Structured product returns have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

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

All revenue includes withholding taxes but excludes irrecoverable tax credits.

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

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

#### (d) Treatment of expenses

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

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

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

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

#### (f) Taxation

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

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

#### (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.

At the year end, there were no items of a capital nature.

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

## Notes to the Financial Statements

continued

### (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 period.

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.

Structured products are valued using the prices made available by the counterparties which are based on agreed terms linked to indices, interest and other market risk factors. These products are essentially loans to Issuers with a repayment amount linked to the performance of the underlying securities that the Issuers promise to pay at 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 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.

<b>2. Net Capital Gains/(Losses)</b>	<b>31.03.21</b>	<b>31.03.20</b>
	<b>£</b>	<b>£</b>
Non-derivative securities	7,440,466	(3,372,842)
Transaction charges	(2,797)	(3,106)
<b>Net capital gains/(losses)</b>	<b>7,437,669</b>	<b>(3,375,948)</b>

**Notes to the Financial Statements**

continued

<b>3. Revenue</b>	<b>31.03.21</b>	<b>31.03.20</b>
	£	£
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	101,507	174,803
Unfranked investment income	9,830	695
Interest distributions	225,668	133,820
Offshore distributions	43,498	24,187
Bank interest	–	1,824
Underwriting commission	639	282
<b>Total revenue</b>	<b>381,142</b>	<b>335,611</b>
<b>4. Expenses</b>	<b>31.03.21</b>	<b>31.03.20</b>
	£	£
Payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	56,248	51,179
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	21,034	21,000
Safe custody and other bank charges	13,063	13,992
	34,097	34,992
Auditors remuneration:		
Audit fee (including VAT)	9,270	8,652
Tax compliance services (including VAT)	1,970	1,800
Tax compliance services (including VAT) - predecessor tax advisor	–	2,400
	11,240	12,852
Other expenses:		
Legal fees	6,044	3,746
Printing costs	3,382	3,539
	9,426	7,285
<b>Expenses</b>	<b>111,011</b>	<b>106,308</b>
Interest payable and similar charges	–	–
<b>Total</b>	<b>111,011</b>	<b>106,308</b>

## Notes to the Financial Statements

continued

<b>5. Taxation</b>	<b>31.03.21</b>	<b>31.03.20</b>
	<b>£</b>	<b>£</b>
(a) Analysis of charge in the year:		
Corporation tax at 20%	22,793	–
Income tax deducted at source	(1,966)	(139)
Income tax recoverable	1,966	139
<b>Total tax charge (note 5b)</b>	<b>22,793</b>	<b>–</b>

(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	270,131	229,303
Corporation tax at 20%	54,026	45,861
Effects of:		
UK dividends	(20,301)	(34,961)
Movement in surplus management expenses	(2,232)	(6,063)
Non-taxable overseas earnings	(8,700)	(4,837)
<b>Total tax charge (note 5a)</b>	<b>22,793</b>	<b>–</b>

(c) Deferred tax

There was no liability to deferred tax at the balance sheet date (2020: £2,232).

## 6. Distributions

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

	<b>31.03.21</b>	<b>31.03.20</b>
	<b>£</b>	<b>£</b>
Final distribution 31.03.21	290,963	249,491
Revenue deducted on cancellation of shares	15,015	10,689
Revenue received on issue of shares	(58,653)	(30,868)
<b>Distributions</b>	<b>247,325</b>	<b>229,312</b>

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

Net revenue after taxation per Statement of Total Return	247,338	229,303
Undistributed revenue brought forward	4	13
Undistributed revenue carried forward	(17)	(4)
<b>Distributions</b>	<b>247,325</b>	<b>229,312</b>

**Notes to the Financial Statements**

continued

<b>7. Debtors</b>	<b>31.03.21</b>	<b>31.03.20</b>
	£	£
Amounts receivable on issues	204,741	212,089
Sales awaiting settlement	–	664,595
Accrued income:		
UK income tax recoverable	1,966	139
Prepaid expenses:		
Legal fee	492	–
<b>Total debtors</b>	<b>207,199</b>	<b>876,823</b>
<b>8. Other Creditors</b>	<b>31.03.21</b>	<b>31.03.20</b>
	£	£
Amounts payable on cancellations	44,022	121,992
Purchases awaiting settlement	450,000	1,151,250
Accrued expenses:		
Amounts payable to the Investment Manager, associates of the Investment Manager and agents of either of them:		
Investment Manager's fee	5,696	3,911
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	3,533	5,250
Safe custody and other bank charges	1,553	3,723
	5,086	8,973
Auditors remuneration:		
Audit fee (including VAT)	9,270	8,652
Audit fee (including VAT) - predecessor fee	7,200	7,200
Tax compliance services (including VAT)	1,916	1,800
Tax compliance services (including VAT) - predecessor tax advisor	2,100	2,100
	20,486	19,752
Other expenses:		
Legal fees	–	1,448
Printing cost	1,576	1,430
	1,576	2,878
Taxation payable:		
Corporation tax payable	22,793	–
<b>Total other creditors</b>	<b>549,659</b>	<b>1,308,756</b>

## Notes to the Financial Statements

continued

9. Cash and Bank Balances	31.03.21 £	31.03.20 £
Cash and bank balances	2,418,260	2,841,150
<b>Cash and bank balances</b>	<b>2,418,260</b>	<b>2,841,150</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). MISL also acts as the ACD of MI TwentyFour Dynamic Bond - I Net Accumulation.

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

Fees payable to Lowes Financial Management Ltd (the Investment Manager) are disclosed in note 4 and amounts due at the year end are shown in note 8.

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

At the year end, the Sub-fund held the following Collective Investment Scheme, for which MISL act as the ACD.

Accumulation Units	Held at 31.03.21	Change in period	% Change in period	Held at 31.03.20
MI TwentyFour Dynamic Bond - I Net Accumulation	9,608	2,366	33	7,241

No rebate has been accrued for in this cross investment.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2020: none).

### 12. Risk Management Policies and Disclosures

In pursuing its investment objectives, the Sub-fund 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 in relation to the investment portfolio.

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 ACD 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.

## Notes to the Financial Statements

continued

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

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 £4,227,409 (2020: £2,691,683).

#### Currency risk

The majority of the Sub-fund's assets comprise of investments and cash denominated in sterling. As a result, the income and capital value of the Sub-fund are not affected by currency movements.

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

There is no material direct foreign currency exposure in the Sub-fund (2020: none).

#### Interest rate risk

Interest rate risk is the risk that the value of the Sub-fund's investments will fluctuate as a result of changes in interest rates. The Sub-fund 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.

Structured products are exposed to interest rate risk and therefore are affected by changes in interest rates.

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

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:

#### 31.03.21

Currency	Floating rate financial assets £	Fixed rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest is not paid <sup>^</sup> £	Total £
Pound sterling	2,418,260	–	8,859,855	33,621,434	44,899,549
	<b>2,418,260</b>	<b>–</b>	<b>8,859,855</b>	<b>33,621,434</b>	<b>44,899,549</b>

<sup>^</sup>Comprises of Equity Shares which receive dividend revenue, non interest bearing balance sheet debtors and Structured Products.

Currency	Financial liabilities not carrying interest £	Total £
Pound sterling	578,120	578,120
	<b>578,120</b>	<b>578,120</b>



## Notes to the Financial Statements

continued

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

#### Interest rate risk (continued)

31.03.20

Currency	Floating rate financial assets £	Fixed rate financial assets £	Assets on which interest distributions are paid £	Assets on which interest is not paid <sup>^</sup> £	Total £
Pound sterling	2,841,150	–	5,942,429	21,851,228	30,634,807
	<b>2,841,150</b>	<b>–</b>	<b>5,942,429</b>	<b>21,851,228</b>	<b>30,634,807</b>

<sup>^</sup>Comprises of Equity Shares which receive dividend revenue, non interest bearing balance sheet debtors and Structured Products.

Currency	Financial liabilities not carrying interest £	Total £
Pound sterling	1,338,457	1,338,457
	<b>1,338,457</b>	<b>1,338,457</b>

Floating rate interest-bearing assets at the balance sheet date consist of bank balances, on which interest is calculated at a variable rate by reference to sterling bank deposit rates or the international equivalent.

#### 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.

Structured products bear the issuer credit risk. A decline of the issuer creditworthiness will reduce the market value of the product. There is the risk, that the Issuer may not be able to fulfil their obligations, irrespective of whether the products are capital or principal protected. Investors may lose all or part of their investment if the Issuer are unable to pay the redemption amount. No assets of the Issuer are segregated and specifically set aside in order to pay the holders of the structured notes in the event of liquidation of the Issuer, and the holders of the Notes will rank behind secured or preferred creditors.

#### 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.

Structured products entails a materially relevant liquidity risk. Certain exceptional market circumstances may have a negative effect on the liquidity of the products. The investor may not be able to sell the product easily or may have to sell it at a price that significantly impacts how much the investor gets back. This may result in a partial or total loss of the invested amount.

Under normal circumstances, the 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.

## Notes to the Financial Statements

continued

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

#### Liquidity risk (continued)

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-fund maintains sufficient liquidity to meet known and potential redemption activity. The Sub-funds cash balances are monitored daily by the ACD and the Investment Share. 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 the Sub-funds investments comply with their underlying obligations, particularly their ability to meet redemption requests.

Stress tests are undertaken, under normal and exceptional liquidity conditions, in order to assess the liquidity risk of the 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 counter parties.

There were no past due assets as of 31 March 2021 (2020: nil).

Structured products are subject to the credit risk of the counterparty. The following table details the total number of counterparties to which the sub-fund is exposed, the maximum exposure to any one counterparty, the total exposure to all other counterparties and the lowest long-term credit rating of any one counterparty (or its ultimate parent if unrated).

	Total number of counterparties	Maximum exposure to any one counterparty £	Total exposure to all other counterparties £	Lowest credit rating of any one counterparty
31.03.21	7	894,900	3,034,314	BBB+
31.03.20	7	642,200	2,321,647	BBB+

#### 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.

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

#### 31.03.21

Analysis of purchases	Gross purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Funds	12,321,741	1,750	0.01	–	0.00	12,319,991
Corporate Actions	345,393	–	0.00	–	0.00	345,393
<b>Total purchases after commissions and tax</b>	<b>12,667,134</b>					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Structure Products	4,747,875	–	0.00	–	0.00	4,747,875
<b>Total sales after commissions and tax</b>	<b>4,747,875</b>					
Commission as a % of average net assets	0.00%					
Taxes as a % of the average net assets	0.00%					

#### 31.03.20

Analysis of purchases	Gross purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Funds	13,789,557	–	0.00	–	0.00	13,789,557
Structure Products	1,002,500	2,500	0.25	–	0.00	1,000,000
<b>Total purchases after commissions and tax</b>	<b>14,792,057</b>					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Funds	8,551,002	–	0.00	592	0.00	8,551,594
Structure Products	399,751	–	0.00	–	0.00	399,751
<b>Total sales after commissions and tax</b>	<b>8,950,753</b>					
Commission as a % of average net assets	0.01%					
Taxes as a % of the average net assets	0.00%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 11 and 12. 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 March 2021 is 0.11% (2020: 0.26%).

### 15. Fair Value Disclosure

Valuation technique	31.03.21		31.03.20*	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	945,941	–	–	–
Level 2 <sup>^^</sup>	41,328,149	–	26,916,834	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>42,274,090</b>	<b>–</b>	<b>26,916,834</b>	<b>–</b>

\*31.03.20 figures have been restated.

<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.

### 16. Shareholders Funds

	B Income	C Income	C Accumulation
Opening number of shares	447,346	3,090,743	22,257,169
Shares issued	216	19,376	7,631,442
Shares cancelled	(16,602)	(287,462)	(2,010,295)
Shares converted	41,302	40,705	–
<b>Closing number of shares</b>	<b>472,262</b>	<b>2,863,362</b>	<b>27,878,316</b>

## MI Diversified Strategy Fund

### Distribution Tables

for the year ended 31 March 2021

#### Income share distribution

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution payable 2021 p	Distribution paid 2020 p
B	Final	Group 1	0.5879	–	0.5879	0.0627
		Group 2	–	0.5879	0.5879	0.0627
C	Final	Group 1	0.8970	–	0.8970	0.9519
		Group 2	0.3648	0.5322	0.8970	0.9519

#### Accumulation share distribution

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2021 p	Amount reinvested 2020 p
C	Final	Group 1	0.9416	–	0.9416	0.9875
		Group 2	0.1729	0.7687	0.9416	0.9875

Final period: 01.04.20 - 31.03.21

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

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

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

The Company was incorporated in England and Wales on 18 March 2015 under registration number IC001027. The Shareholders are not liable for the debts of the Company.

MI Bespoke Funds ICVC is structured as an umbrella company. Provision exists for an unlimited number of Sub-funds, and at the date of this Report one sub-fund, the MI Diversified Strategy Fund is authorised.

### 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 £1,000 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 Fund currently has the following classes of shares available for investment:

Sub-fund	Share Class			
	B Acc	B Inc	C Acc	C Inc
MI Diversified Strategy Fund	✓*	✓	✓	✓

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

The Company may issue both Income and Accumulation Shares.

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

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

### Valuation Point

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

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

## 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 026 4281

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 the Company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

### Other Information

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

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

### ACD Value Assessment

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

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.

### Investment Management Fees

The investment management function is delegated to an FCA authorised, professional investment management firm. The Investment Manager provides an active investment management service consistent with the Investment Policy and Objectives set out within the scheme documentation.

The fees of the Investment Manager represent the largest cost to the Sub-fund, are clearly set out within the scheme documentation, and are consistent with the market rates for other professional investment managers for hire providing comparable services.

The Investment Management fees may vary by share class reflecting the size of the minimum investment into that share class, with the objective of providing economies of scale for larger investors.

## General Information

continued

### Services Provided by the ACD

The ACD fees are regularly reviewed against prevalent market rates for a professional ACD for hire taking into account the complexity and risk profile of the Sub-fund. The ACD's fees are clearly set out in the scheme documentation and are tiered based on the overall value of the Sub-fund to reflect economies of scale (ACD fee is deductible from the Investment Managers income).

### Services Delegated by the ACD

Services delegated by the ACD are provided by professional entities for hire appointed on an arm's length basis. Delegates are appointed under competitive tender and their services are regularly reviewed and benchmarked by the ACD to ensure that they are consistent with services provided by other similar professional entities for hire. When appointing or reviewing delegates the ACD takes into account the quality of the services provided, the performance of the appointed entity over a period of time and, that the costs of the service provided take into account any economies of scale that may be available to funds of a similar size or complexity.

### Summary

It is the opinion of the ACD that the fees charged to the scheme property of the Sub-fund represent value for money for investors taking into account the criteria set out by the Regulator.

### Remuneration of the ACD

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

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

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

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

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

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

31.03.21	Number of Beneficiaries	Fixed	Variable	Total
Total remuneration paid by the ACD during the year	90	£5,841,738	–	£5,841,738
Remuneration paid to employees who are material risk takers	4	£940,207	–	£940,207

### 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.



## General Information

continued

### **ACD Statement Regarding COVID-19**

Notwithstanding the challenges arising from the impact of the COVID-19 virus, the ACD continues to operate, administer and price the Sub-fund in accordance with FCA regulatory requirements and in accordance with relevant accounting standards. At the time of writing, investment markets are experiencing high levels of daily volatility and it is likely that this volatility will continue for the foreseeable future.

The ACD will continue to monitor fund liquidity and market volatility to ensure the Sub-fund is managed in the best interests of shareholders and to ensure that the Sub-fund remains a going concern. Where appropriate the ACD will value assets on a “fair value” basis in accordance with the Regulations.

As stated in the Prospectus, the Sub-fund should be considered as a long-term investment and the ACD emphasises the importance for investors to seek professional advice when considering their investment in the Sub-fund.

# Maitland Institutional Services Limited

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